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## UNITED STATES DEPARTMENT OF COMMERCE

International Trade Administration

Secretarial India Infrastructure Business Development Mission

March 25-30, 2012

**AGENCY:** International Trade Administration, Department of Commerce

**ACTION:** Notice

### SUMMARY

Secretary of Commerce John Bryson will lead a senior-level business development trade mission to Mumbai, Jaipur and New Delhi, India, March 25-30, 2012. The overall focus of the trip will be commercial opportunities for U.S. companies, including joint ventures and export opportunities. In each city participants will have a market briefings followed by one-on-one appointments with potential buyers/partners and meetings with high level government officials.

### MISSION DESCRIPTION

The focus of the mission is to promote U.S. exports to India and discuss trade policy issues with respect to India's goal of investing \$1 trillion in infrastructure development during the next five years. The mission will recruit companies from the following sectors: project management and engineering services (including architecture and design), transportation (including road/highways, rail, airports and intelligent transportation systems), and energy (including distribution, transmission and smart grid).

The mission supports President Obama's National Export Initiative (NEI) and his goal of doubling U.S. Exports by 2015 to strengthen the U.S. economy and U.S. competitiveness through meaningful job creation. It also supports the International Trade Administration's Growth in Emerging Metropolitan Sectors (GEMS) initiative. The mission will help U.S. companies already doing business in India increase their current level of exports and deepen their business interests. The mission will also target experienced U.S. exporters who have yet to penetrate the Indian market. Participating firms will gain market information, make business and government contacts, solidify business strategies, and/or advance specific projects. In each of the above sectors, U.S. companies will meet with prescreened potential partners, agents, distributors, representatives, and licensees. The agenda will also include meetings with high-level national, regional and local government officials, networking opportunities, country briefings, and seminars.

The delegation will be composed of 20-25 U.S. firms representing the mission's target sectors. Representatives of the U.S. Trade and Development Agency (USTDA), the Export-Import Bank of the United States (Ex-Im) and the Overseas Private Investment Corporation (OPIC) will be invited to participate to provide information and counseling on their programs, as they relate to the Indian market.

## **COMMERCIAL SETTING**

India is one of the world's fastest growing economies and it presents exciting opportunities for U.S. companies that offer products and services that help it meet its rapidly expanding infrastructure needs. India is seeking to invest \$1 trillion in its infrastructure during the 12<sup>th</sup> Five-Year Plan (2012-2017) and is looking for private sector participation to fund half of this massive expansion through the Public-Private Partnership (PPP) model. The rapid growth of the

Indian economy (averaging 8% over the past 10 years) has created a pressing need for infrastructure development and the country needs significant outside expertise to meet its ambitious targets. U.S. industry is well qualified to supply the kinds of architectural, design and engineering services and project management skills needed to successfully tackle major projects, including such groundbreaking projects as the Delhi-Mumbai Industrial Corridor (DMIC). U.S. technologies are also well positioned to rationalize energy use and production to support new industrial zones as they are built in this chronically energy deficit country.

## **INDUSTRY FOCUS**

### **Project Management and Engineering Services (including Architecture and Design) As**

Indian developers expand their capabilities and construct and connect new industrial facilities, foreign firms often play a major role in design, construction, engineering and management of these signature projects. Major upcoming opportunities for U.S. firms include the seven technology townships associated with the development of the Delhi Mumbai Industrial Corridor (DMIC).

The Indian architecture/construction industry is an integral part of the economy and a conduit for a substantial part of its development investment. The sector is poised for additional growth due to the dual trends of industrialization and urbanization, and the rising expectations of its citizens for an improved standard of living as a result of economic development.

The profession and practice of architecture, design and project management in India has undergone a complete transformation in recent years. The booming economy and growing middle class has prompted developers to bring in foreign architects to design everything from airports to residential and commercial building and resorts. Foreign architects have a proven

track record and have helped bring about a transformation in the way projects are designed and built. They have paired up with Indian firms who have the expertise on the ground to execute projects.

**Transportation (Road/Highway, Railways and Airports)** Road/Highways: With a total of 3.14 million kilometers of roads, India has the 2<sup>nd</sup> largest road system in the world only after the U.S. The National (Interstate) Highways constitute 70,000 kilometers of roads and India intends to double this network in the next 5 years. Additionally, it also intends to increase the overall road network to 5 million kilometers in the next decade, connecting all parts of the country with each other.

The Government of India's Planning Commission recently estimated that India will mobilize over \$42 billion on spending for roads and related infrastructure over the next several years.

These funds are to be utilized to:

- Upgrade and expand the state highway network in the different states of India (to be funded by the Asian Development Bank);
- The Municipal Corporation of Delhi plans to spend \$1.24 billion for upgrading the City of Delhi's roads and infrastructure as are other big cities;
- National Highway projects worth approximately \$24.65 billion will be executed in the country connecting the freight corridors running from North-South and East-West to the interiors;
- Set up related infrastructure – toll booths, warehousing facilities, connector and feeder lanes, etc. to the highway systems.

The Government of India is also formulating regulatory changes to the awarding process and concession agreements to attract more participation from private and foreign developers.

Railways: A lifeline to the nation, Indian Railways has the 2<sup>nd</sup> largest railroad network in the world and is the largest employer in India today. Indian Railways has embarked upon a massive restructuring and expansion program over the next decade to modernize the existing network and add new lines. It's estimated that in the 12th five year plan (2012- 2017), Indian Railways will spend about \$67 billion on the following:

- Building new routes including Dedicated Freight Corridors (DFC) with Public-Private Partnership (PPP) sub-projects envisaging more than \$7 billion investment for the North South, East West corridors alone
- Enhancing container operations
- Setting up of rail side warehousing facilities
- Developing logistics parks
- Development of rail links to existing and new ports
- Dedicated rail links for evacuation of specific industrial items
- Modernization of railway stations and systems including rolling stock

Airports: In terms of domestic air traffic, India is the fourth largest civil aviation market in the world behind the U.S., China and Japan. In FY 2011, India's domestic passenger growth rate was 11 percent and Indian air traffic is expected to grow at a compound annual growth rate of 8-10 percent over the next 20 years. Despite these numbers, India is one of the least penetrated air markets in the world (even lower than Sri Lanka, Pakistan and Nigeria) with 0.02 trips per capita

as compared to 0.2 of China and 2.2 in the U.S. This reflects significant potential for future growth.

India has a total of 454 airports with the Airports Authority of India (AAI) managing 118 of these airports. The AAI develops and manages airports and also provides air traffic management services and air infrastructure. Even as existing airports continue to be upgraded, there is an urgent need for new airport infrastructure in the country. India currently has just 89 operational airports but that number is expected to increase to between 300 and 500 by 2030. Starting from a relatively small base, the airport infrastructure sector in India faces the prospect of significant expansion as the overall economy continues to grow rapidly.

Investment opportunities of \$110 billion are being envisaged up to 2020 with \$80 billion in new aircraft and \$30 billion in development of airport infrastructure, according to the Investment Commission of India. AAI plans to allocate \$12 billion for airport infrastructure development in its next five-year plan (2012-2017), a 30 percent increase from its last five-year plan. To ensure that the development of the sector was not restricted to the metro cities alone, the GOI announced its plans to modernize 35 non-metro airports into world-class entities at an estimated cost of \$1.2 billion. The airports to be modernized include airports such as Coimbatore, Tiruchi, Thiruvananthapuram, Visakhapatnam, Port Blair, Mangalore, Agatti, and Pune. This is in addition to the large metro airports where modernization is either completed or in progress and also includes commercial developments, hotels and other passenger related amenities. The Ministry of Civil Aviation has also approved greenfield airports at Navi Mumbai, Goa, Durgapur, Kannur, and Saras. The International Trade Administration (ITA) has a strong history of cooperation with India on airport infrastructure development through its participation in the Civil Aviation Subcommittee of the U.S.-India High-Technology Cooperation Group and the

Airport Infrastructure Working Group. During the November 16-18, 2011 U.S.-India Aviation Summit in New Delhi, Nicole Lamb-Hale, Assistant Secretary of Commerce for Manufacturing and Services, announced an agreement with the Indian Ministry of Civil Aviation on facilitating U.S. participation in the development of three regional airports, Puducherry, Tuticorin and Jharsuguda, which will be the focus of U.S.-India efforts to promote U.S. business participation in the development of India's civil aviation infrastructure. The U.S.-India relationship in civil aviation is very strong and there are significant opportunities for U.S. firms in the area of airport development, consulting and equipment supply.

Intelligent Transportation Systems (ITS): The Indian automobile industry manufactures over 11 million vehicles and exports about 1.5 million each year. Due to the phenomenal growth in the number of vehicles in the country, the need to upgrade India's traffic management systems has become pressing. With traffic speeds in cities being reduced to a crawl during most parts of the day and accident rates showing no sign of decreasing, the need for smoother, safer road transport is greater than ever.

Given the vibrant Indian automobile, electronics and ICT industries and the country's highly skilled labor force, the prospects for ITS development and deployment in India are bright. The current market for ITS is estimated to be \$150 million and it is projected to grow at 10-12 percent annually.

The Government of India is improving its transportation management system through the use of intelligent transportation systems. Priority areas include:

- Vulnerable individual protection systems
- Traffic management
- Emergency management systems
- Commercial vehicle operations
- Traffic and traveler information
- Public transport systems

**Energy (Transmission, Distribution and Smart Grid)** India is the fastest growing electricity market in the world, with demand expected to increase by approximately 500% over the next four decades – nearly twice the rate of China. The Indian electricity sector faces major challenges in trying to meet the continuously expanding demand-supply gap. As a result, the Government of India has announced plans to add 100 giga watts of new generation capacity by 2017 through an investment of \$102 billion in power plants. An additional \$102 billion investment in the transmission and distribution sectors is also envisaged. These initiatives will create huge opportunities for U.S. equipment manufacturers; Build, Own, Operate/Transfer (BOT); and Engineering, Procurement and Construction (EPC) companies to explore.

In July 2011, India announced a \$132 million smart grid pilot project on top of other major recent investments in electric grid modernization and smart grid technologies in order to extend electricity services to rural populations, ensure reliability in fast growing urban areas, and enable critical resource management and energy efficiency applications for both utilities and citizens.

The Indian electricity sector faces many challenges in trying to meet the ever increasing demand-supply gap. Energy losses in India's transmission and distribution sector exceed 30%, which is



one of the highest in the world. Upgrading out-of-date transmission and distribution systems coupled with the need to reduce electricity losses and theft is driving the deployment of smart grid technologies in India. The real challenge in the power sector in India lies in managing the up-grading of the transmission, distribution and metering efficiently. In response to these challenges, India will look to foreign technology suppliers for the following:

- Advanced metering to reduce AT&C (Aggregate Technical and Commercial) losses that are currently at high levels
- Automation to measure and control the flow of power to/from consumers on a near real-time basis and improve the system reliability
- Moving to a smart grid to manage loads, congestion, and supply shortages in an intelligent manner

U.S. companies can explore the possibility of entering the Indian smart grid market by working with Indian companies in these pilot projects. 2012 will be an important year as the smart grid market begins maturing in India and U.S. firms are poised to deliver world-class smart grid solutions to Indian utilities.

**Other Products and Services** The foregoing analysis of infrastructure export opportunities in India is not intended to be exhaustive, but illustrative of the many opportunities available to U.S. businesses. Applications from companies selling products or services within the scope of this mission, but not specifically identified, will be considered and evaluated by the U.S. Department of Commerce. Companies whose products or services do not fit the scope of the mission may contact their local U.S. Export Assistance Center (USEAC) to learn about other trade missions and services that may provide more targeted export opportunities. Companies may call 1-800-

872-8723, or e-mail: [tic@trade.gov](mailto:tic@trade.gov) to obtain such information. This information also may be found on the website: <http://www.export.gov>.

## **MISSION STOPS**

**New Delhi.** New Delhi, India's capital, serves as the seat of the Government of India (GOI) and the government of the National Capital Territory of New Delhi. The city is known for its wide, tree-lined boulevards and is home to numerous national institutions and landmarks. The city's service sector has expanded due in part to the large skilled English-speaking workforce that has attracted many multinational companies. Key service industries include information technology, telecommunications, hotels, banking, media and tourism. Most U.S. companies, with offices in India are either headquartered in New Delhi or have an active office in this city. U.S. trade associations, such as the American Chamber of Commerce and the U.S. India Business Council, as well as, Indian trade associations, representing thousands of Indian companies, such as Confederation of Indian Industry (CII) and Federation of Indian Chambers of Commerce and Industry (FICCI) are also headquartered in New Delhi.

**Jaipur.** Jaipur, the capital of the State of Rajasthan, is a rapidly growing and progressive region embarking upon major upgrades of its infrastructure. Rajasthan is a leader in the production of renewable energy through both wind and solar generation. It has recently begun construction of a metro system and approximately 40 percent of the Delhi-Mumbai Industrial Corridor (DMIC) which includes new satellite industrial cities is being built adjacent to a high-speed rail freight line connecting the two major cities. Jaipur has been identified by the U.S. Commercial Service in India as one of the key second tier cities in India under the 'Growth in Emerging Metropolitan

Sectors” (GEMS) program which is aimed at building commercial ties between the U.S. and India’s emerging cities and states.

**Mumbai.** Mumbai, located in the state of Maharashtra, is the commercial and financial center of India. Mumbai is India’s largest city and home to almost 20 million people, and many of India’s industrial powerhouses are headquartered in the city, including Tata, Reliance, and Mahindra all of which are very active in developing India’s physical infrastructure. Mumbai is also at the center of India’s civil engineering and architectural and design sector and U.S. firms are eagerly seeking to partner with these distinguished and capable firms to tap the Indian market. The region surrounding Mumbai has emerged as an industrial hub and several major U.S. corporations across a wide variety of sectors have established a presence in the region. It is not an exaggeration to say that Mumbai is truly the Gateway of India, and U.S. firms interested in doing business in India should make a point to visit this city.

## **MISSION GOALS**

The mission will demonstrate the United States’ commitment to a sustained economic partnership with India. The mission will combine Secretarial-level policy dialogue with business development goals for U.S. firms. The mission’s purpose is to support participants as they construct a firm foundation for future business in India and specifically aims to:

- Assist in identifying potential partners and strategies for U.S. companies to gain access to the Indian market for infrastructure products and services.

- Provide an opportunity for participants to be present for policy and regulatory framework discussions with Indian government officials and private sector representatives to advance U.S. market access interests in India.
- Confirm U.S. Government support for activities of U.S. business in India and to provide access to senior Indian government decision makers.
- Listen to the needs, suggestions and experience of individual participants so as to shape appropriate U.S. Government positions regarding India and U.S. business interests.
- Organize private and focused events with local business and association leaders capable of becoming partners and clients for U.S. firms as they develop their business in India.
- Assist development of competitive strategies and market access with high level information gathering from private and public-sector leaders.

## **MISSION SCENARIO**

During the Infrastructure Business Development Mission to India the participants will:

- Meet with high-level Indian government officials
- Meet with prescreened potential partners, agents, distributors, representatives and licensees
- Meet with representatives of the U.S. and Indian Chambers of Commerce, industry and trade associations
- Attend briefings conducted by Embassy officials on the economic and commercial climates
- Site visit(s) to see first-hand major infrastructure development projects

Receptions and other business events will be organized to provide mission participants with further opportunities to speak with local business and government representatives, as well as U.S. business executives living and working in the region.

## **PLANNED TIMETABLE**

### **Mumbai**

Sunday – March 25

- Arrive Mumbai
- Orientation
- Briefing from U.S. Government trade finance agencies
- Economic/market briefing by U.S. Consulate officials
- Welcome dinner

Monday – March 26

- One-on-one business meetings for the delegation
- Meetings with local government officials
- Business event/briefing with local industry representatives

Reception hosted by U.S. Consul General

Tuesday - March 27

- One-on-one business meetings for the delegation
- Meetings with senior Indian industry and government officials

Departure for Jaipur

### **Jaipur, Rajasthan**

Tuesday – March 27

- Arrive from Mumbai

Evening business event

Wednesday – March 28

- Site visits to infrastructure projects in Jaipur, Rajasthan metropolitan area
- Meetings with local industry and government officials

Departure for New Delhi

## **New Delhi**

Wednesday – March 28

Arrive from Jaipur

Thursday - March 29

- Economic/market briefing by U.S. Government officials
- Business event/briefing with local industry representatives
- High-level government meetings and roundtables for delegates
- One-on-one business meetings for the delegation
- Reception hosted by the U.S. Ambassador

Friday - March 29

- One-on-one business meetings for the delegation
- Government and industry meetings
- Wrap-up discussion and closing dinner
- Mission ends/departure

## **PARTICIPATION REQUIREMENTS**

All parties interested in participating in the Secretarial Infrastructure Business Development

Mission must complete and submit an application package for consideration by the U.S.

Department of Commerce. All applicants will be evaluated on their ability to meet certain

conditions and best satisfy the selection criteria as outlined below. Approximately 20-25 companies will be selected from the applicant pool to participate in the mission.

### **Fees and Expenses**

After a company has been selected to participate in the mission, a payment to the Department of Commerce in the form of a participation fee is required. The participation fee, based on 25 companies, will be \$11,000 for large firms and \$9,000 for a small or medium-sized enterprise (SME), which includes one principal representative.<sup>1</sup> The fee for each additional firm representative (large firm or SME) is \$ 2,000.

Expenses for travel arrangements to and from India, lodging, some meals, and incidentals will be the responsibility of each mission participant.

### **Conditions for Participation**

An applicant must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services, primary market objectives, and goals for participation. If the Office of Business Liaison receives an incomplete application, the Department of Commerce may either: reject the application, request additional information/clarification, or take the lack of information into account when evaluating the applications.

Each applicant must also:

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<sup>1</sup> An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see [http://www.sba.gov/services/contracting\\_opportunities/sizestandardtopics/index.html](http://www.sba.gov/services/contracting_opportunities/sizestandardtopics/index.html)). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing schedule reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (see <http://www.export.gov/newsletter/march2008/initiatives.html> for additional information).

- Certify that the products and services it seeks to export through the mission are either produced in the United States, or, if not, marketed under the name of a U.S. firm and have at least fifty-one percent U.S. content. In cases where the U.S. content does not exceed fifty percent, especially where the applicant intends to pursue investment and major project opportunities, the following factors, may be considered in determining whether the applicant's participation in the trade mission is in the U.S. national interest:
  - U.S. materials and equipment content;
  - U.S. labor content;
  - Repatriation of profits to the U.S. economy;
  - Potential for follow-on business that would benefit the U.S. economy;
- Certify that the export of the products and services that it wishes to export through the mission would be in compliance with U.S. export controls and regulations;
- Certify that it has identified to the Department of Commerce for its evaluation any business pending before the Department of Commerce that may present the appearance of a conflict of interest;
- Certify that it has identified any pending litigation (including any administrative proceedings) to which it is a party that involves the Department of Commerce; and
- Sign and submit an agreement that it and its affiliates (1) have not and will not engage in the bribery of foreign officials in connection with a company's/participant's involvement in this mission, and (2) maintain and enforce a policy that prohibits the bribery of foreign officials.

### **Selection Criteria for Participation**

Selection will be based on the following criteria in decreasing order of importance:



- Consistency of company's products or services with the scope and desired outcome of the mission's goals;
- Suitability of a company's products or services to the Indian market and the likelihood of a participating company's increased exports to or business interests in India as a result of this mission;
- Demonstrated export experience in India and/or other foreign markets;
- Prior experience in public discussions, such as through conferences, business organizations, public/private entities, or academic fora, on policy issues related to market access for U.S. firms in India;
- Current or pending major project participation; and
- Rank/seniority of the designated company representative.

Additional factors, such as diversity of company size, type, location, and demographics, may also be considered during the review process.

Referrals from political organizations and any documents, including the application, containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

## **TIMEFRAME FOR RECRUITMENT AND APPLICATIONS**

Mission recruitment will be conducted in an open and public manner, including publication in the Federal Register, posting on the Commerce Department trade mission calendar

(<http://www.export.gov/trademissions/>) and other Internet web sites, press releases to general

and trade media, direct mail, broadcast fax, notices by industry trade associations and other multiplier groups, and publicity at industry meetings, symposia, conferences, and trade shows. The Commerce Department's Office of Business Liaison and the International Trade Administration will explore and welcome outreach assistance from other interested organizations, including other U.S. Government agencies.

Recruitment for this mission will begin immediately upon approval. Applications can be completed on-line at the India Infrastructure Business Development Mission website at <http://www.export.gov/IndiaMission2012> or can be obtained by contacting the U.S. Department of Commerce Office of Business Liaison (202-482-1360 or [BusinessLiaison@doc.gov](mailto:BusinessLiaison@doc.gov)).

The application deadline is Wednesday, January 25, 2012. Completed applications should be submitted to the Office of Business Liaison. Applications received after Wednesday, January 25, 2012 will be considered only if space and scheduling constraints permit.

#### General Information and Applications:

The Office of Business Liaison

1401 Constitution Avenue NW, Room 5062

Washington, DC 20230

Tel: 202-482-1360

Fax: 202-482-4054

E-mail: [BusinessLiaison@doc.gov](mailto:BusinessLiaison@doc.gov)

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